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**Please note: Text of Mayor Reed's State of the City
speech is available by calling (408) 535-8112.**

Mayor Reed Focuses on Fiscal Responsibility

Unveils Plans to Grow Revenue and Control Expenses

San José -- Declaring the budget deficit is “public enemy number one, an enemy that will steal our hopes and kill our dreams,” San José Mayor Chuck Reed this morning (3/7/07) set a course of fiscal responsibility in his first State of the City address, vowing to grow revenues faster, slow the growth in expenses, and get more efficient in the middle.

Speaking before an audience of 2000 who attended a Community Breakfast, Reed sounded a note of optimism in asking all members of the community to join in building a better future for San José. “The best days of San José are ahead of us,” Reed said. “Please help me build San José into a great city.”

Sounding a theme that “we know what we should do, we can do, and we will do,” Reed announced several new initiatives to boost City revenues in San José:

- Building on the success of San José's BioScience incubator program, we will seek federal funds to build a pilot manufacturing facility to allow the 25 successful incubator companies to grow and thrive in San Jose, and to help attract new firms.
- Vowing to make San Jose the best place in the world to start and grow a business, Reed committed to measurable improvements in the City permitting process by setting performance measures for service, empowering staff, and insisting on success in twelve months.

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- Singling out the Convention Center and Arena for their critical roles in generating revenue for the City, Reed mentioned plans to make improvements to these two important facilities.
- Talking about downtown, the Mayor lent his support to 1st Act Silicon Valley's vision for a vibrant, creative downtown, calling for a program to encourage outdoor meeting spaces, sidewalk cafes, colorful signs, and iconic public art.

To maintain San Jose's position as the ***Safest Big City in America***, Mayor Reed announced he would push the City to hire 15 new police officers, and to help pay for it, a plan to have downtown night clubs pay their share of the cost of overtime for City officers.

To control costs, Reed announced a four-point plan:

1. Change the budget process: seek community input and make it more transparent. City Council must set priorities and stick with them when making spending decisions.
2. Use capital dollars to reduce operating costs.
3. Find new ways to be more efficient in delivering services.
4. Get others to help.

Reed also announced a few new initiatives that build on these principals including:

- A project to add solar technology to public buildings, including the Tech Museum of Innovation, to showcase our local clean technology companies while reducing energy costs.

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- A model to allow local business owners to create business improvement districts to pay for cleaner sidewalks and streets and to improve security.
- A ***Budget Shortfall Advisory Group*** to evaluate how the City spends its money. Made up of financial experts from government and private industry, the Advisory Group will take a fresh look at where city expenditures can be reduced.

Additional initiatives and more details on many of these proposals will be included in the Mayor's Budget message, which will be released on Friday (3/9/07).

Returning to the "great old tradition" of a Community Breakfast, Reed used his State of the City address as an opportunity to talk with community members about how working together we can build an even better city.

Reed acknowledged his City Council colleagues for their support of the Reed Reforms during his first 65 days in office. Focused on building a city hall culture of honesty, fiscal responsibility and open government, Reed thanked the City Council for supporting his new budgeting process, which included neighborhood meetings, a community survey, and a budget priorities study session with the City's top managers.

"We will work through our difficulties in a budget process that is honest, open and fiscally responsible," Reed told the audience. "We will not pass these budget problems on to our children. We are going to take on our problems, and we are going to succeed."

In addition to the State of the City speech, the Community Breakfast honored members of the public as well as city officials for their work in San Jose. Each Councilmember nominated a group of honorees for their work to improve their community.

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The nominated groups are:

1. San Tomas West Neighborhood Association (Council District 1)
2. Oak Grove Band Boosters (Council District 2)
3. Olinder Food Program (Council District 3)
4. North Valley Community Association (Council District 4)
5. East San José Weed and Seed Collaborative (Council District 5)
6. The Bay Area Women's Sports Initiative (Council District 6)
7. Alma Neighborhood Association (Council District 7)
8. Rotary Club of San Jose East/Evergreen (Council District 8)
9. Pinehurst Residents Association (Council District 9)
10. Leland Bridge Parent Group (Council District 10)

During the breakfast, 89 City Employees nominated by the City's Council Appointees and Senior Staff were also honored with ***Pride of San José*** awards for their embodiment of the City's values. The City's values are: 1) Integrity; 2) Innovation; 3) Excellence; 4) Collaboration; 5) Respect; and, 6) Celebration.

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